

Message Text

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INFO ALL EC CAPITALS
AMEMBASSY MOSCOW
USMISSION USNATO
AMEMBASSY MADRID
AMEMBASSY LISBON
AMEMBASSY ATHENS
AMEMBASSY ANKARA
AMEMBASSY OTTAWA
AMEMBASSY OSLO
AMEMBASSY BELGRADE
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 30290

USEEC; GENEVA FOR MTN

E.O. 11652: GDS
TAGS: FR, EC
SUBJECT: THE GISCARD-SCHMIDT MEETING AND THE FRENCH EC
PRESIDENCY

1. SUMMARY: THERE ARE GROWING INDICATIONS THAT GISCARD
HOPES TO USE HIS PERIOD IN THE EC COUNCIL PRESIDENCY
(JAN. 1 - JUNE 30, 1979) AS A VEHICLE FOR ADVANCING HIS
CONCEPT OF A "CONFEDERAL" EUROPE. GISCARD'S VISITS TO
SPAIN AND PORTUGAL HAVE GIVEN HIM THE LEADING POSITION
IN ADVOCATING EC ENLARGEMENT, AND HE HAS NOW PROPOSED A
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STUDY BY THREE WISEMEN OF THE PROBLEMS OF ENLARGEMENT;
HE HAS JUST APPOINTED A NEW SECRETARY OF STATE IN THE
FOREIGN MINISTRY RESPONSIBLE FOR EC QUESTIONS; HE IS
PREPARING FOR A TRICKY DOMESTIC POLITICAL EFFORT LEADING
UP TO THE EUROPEAN PARLIAMENT ELECTIONS; AND THE ELYSEE
HAS NOW CALLED ATTENTION TO THE GISCARD-SCHMIDT SUMMIT
IN AACHEN AS AN IMPORTANT OCCASION FOR GIVING RENEWED

IMPETUS TO THE EUROPEAN MONETARY NEGOTIATIONS AND FOR TREATING OTHER EUROPEAN ISSUES. AS DURING THE PREVIOUS FRENCH PRESIDENCY, WE EXPECT GISCARD TO BUILD TOWARD AN ACTIVE LEADERSHIP ROLE AS EC PRESIDENT, AND WOULD NOT EXCLUDE ADDITIONAL FRENCH EUROPEAN INITIATIVES ASSOCIATED WITH THEIR PRESIDENCY ROLE. IN THE FACE OF DOMESTIC POLITICAL SNIPING, AND THE MANY PROBLEMS INHERENT IN MOVING TOWARD EUROPEAN UNITY, HE HAS HIS WORK CUT OUT FOR HIM, BUT GISCARD'S EFFORTS ARE IMPORTANT AND BEAR WATCHING. END SUMMARY.

2. GISCARD HAS GIVEN PARTICULAR STRESS TO "EUROPE" AS A FOREIGN POLICY AREA TO WHICH HE ATTACHES THE HIGHEST PRIORITY. FOLLOWING THE ELECTIONS, WHICH GAVE HIM A RENewed MANDATE AND BROADER POSSIBILITIES FOR ACTION, HE HAS DEMONSTRATED HIS INTEREST IN EUROPEAN UNITY WITH THE BREMEN SUMMIT PROPOSALS FOR A EUROPEAN MONETARY SYSTEM (EMS). IN ADDITION, GISCARD'S TRIPS TO SPAIN AND PORTUGAL HAVE GIVEN HIM THE LEADING ROLE IN ADVOCATING MEMBERSHIP FOR THOSE COUNTRIES IN THE EC. GISCARD'S POSITION PREDICTABLY TOUCHED OFF DOMESTIC CRITICISM IN FRANCE, FROM BOTH THE LEFT AND RIGHT, ON THE GROUNDS THAT FRENCH AGRICULTURE (AND EVEN SOME INDUSTRIAL SECTORS) WOULD BE HURT BY ADDITIONAL MEDITERRANEAN COMPETITION WITHIN THE COMMON MARKET. BUT GISCARD HAS HAD SOME SUCCESS IN CALLING ATTENTION TO THE AFFINITY BE-

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TWEEN FRANCE AND ITS LATIN NEIGHBORS, AND TO THE PROGRESS TOWARD DEMOCRATIC INSTITUTIONS WHICH HAS BEEN MADE IN BOTH COUNTRIES. HE HAS ALSO PARTIALLY PACIFIED HIS CRITICS BY EMPHASIZING THAT SPANISH AND PORTUGUESE ENTRY WOULD HAVE TO BE CAREFULLY PREPARED. IN BALANCE HIS TRIPS HAVE HAD A POSITIVE EFFECT ON PROSPECTS FOR SPANISH AND PORTUGUESE MEMBERSHIP. GREEK ENTRY INTO THE EC IS ALREADY ACCEPTED AND IS CONSIDERED ONLY A QUESTION OF TIME.

3. IT HAS SEEMED LIKELY THAT GISCARD WOULD TRY TO POSITION FRANCE SO AS TO ASSURE A SUCCESSFUL FRENCH PRESIDENCY. ALTHOUGH THE PRESIDENCY'S SIX MONTH DURATION IS VERY SHORT FOR ACCOMPLISHMENT OF MAJOR PROJECTS, GISCARD IS AIMING TOWARD ADVANCING LONG-RANGE OBJECTIVES. IN ADDITION THE PARTICULAR SET OF FACTORS WHICH SURROUND THE FRENCH PRESIDENCY ENHANCES THE OPPORTUNITIES NORMALLY AVAILABLE TO EC MEMBER COUNTRIES DURING THEIR TURN IN THE PRESIDENCY ROLE: NOT ONLY IS FRANCE ONE OF THE LEADING COUNTRIES OF THE EC, BUT GISCARD IS THE ONLY EUROPEAN POLITICAL LEADER WHO IS A CHIEF OF STATE WITH A FIXED TERM OF OFFICE AND THE STABILITY THIS REPRESENTS. IN

ADDITION THE FACT THAT THE FRG PRESIDENCY PRECEDES THE

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FRENCH IN NORMAL EC ROTATION GIVES THE FRENCH A FURTHER
ADVANTAGE -- THEY CAN PREPARE PROJECTS THROUGH CLOSE
BILATERAL COOPERATION WITH THE GERMANS, WHO ARE PROBABLY
HAPPY TO WORK WITH THE FRENCH AND TO LET THEM TAKE THE
LEAD PUBLICLY.

4. RECENT DEVELOPMENTS HERE HAVE MADE IT CLEAR THAT THE
FRENCH ARE NOW GEARING UP FOR AN ACTIVE LEADERSHIP ROLE
DURING THEIR PRESIDENCY PERIOD. GISCARD HAS APPOINTED A
NEW SECRETARY OF STATE FOR FOREIGN AFFAIRS (PIERRE BER-
NARD-REYMOND) WHO WILL BE RESPONSIBLE SPECIFICALLY FOR
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EC QUESTIONS, THUS BEEFING UP THE QUAI'S CAPACITY FOR HANDLING THE ADDED WORKLOAD. BERNARD-REYMOND WILL FILL A NECESSARY FUNCTION DURING THE FRENCH PRESIDENCY BY REPRESENTING FRANCE AT A NUMBER OF MEETINGS. THOUGH HE IS WITHOUT PREVIOUS EC EXPERIENCE, HE IS FROM A STRONGLY PRO-EUROPEAN PARTY, AND CAN THUS BE EXPECTED TO SEEK FRESH APPROACHES TO A POLICY AREA WHICH IN PARIS IS HANDICAPPED BY ESTABLISHED WORK METHODS, TRADITIONS, AND A PLETHORA OF BUREAUCRATIC CONSTRAINTS. WITH FORMER EC COMMISSIONER DENIAU ADDED TO BARRE, GISCARD ALREADY HAS MAJOR EUROPEAN EXPERIENCE IN HIS GOVERNMENT. FINALLY, HIS POLITICAL BACKGROUND SHOULD MAKE HIM A BRIDGE BETWEEN THE FRENCH CONDUCT OF THE PRESIDENCY AND THE DOMESTIC POLITICAL CONSIDERATIONS INVOLVED IN THE EUROPEAN PARLIAMENT ELECTIONS. (IT SHOULD BE NOTED THAT THE APPOINTMENT OF A POLITICAL FIGURE WITH A SPECIAL MISSION WAS ALSO GISCARD'S METHOD FOR GIVING DISARMAMENT A NEW IMPETUS WITHIN THE GOF AND THAT IT RESULTED IN A NUMBER OF NEW INITIATIVES.)

5. GISCARD HAS NOW ALSO PROPOSED TO HIS EC COLLEAGUES THAT THREE "WISEMEN" BE APPOINTED TO STUDY THE INSTITUTIONAL PROBLEMS OF ENLARGEMENT AND TO SUBMIT A REPORT AS SOON AS POSSIBLE. GISCARD'S LETTER ON THIS SUBJECT (PUBLISHED IN LE MONDE SEPTEMBER 14) REFLECTS HIS BELIEF THAT THE EC MACHINERY HAD NOT ADJUSTED WELL TO THE INCREASE FROM SIX TO NINE MEMBERS AND THAT IT IS ALL THE LESS WELL EQUIPPED TO HANDLE AN INCREASE TO TWELVE (TEXT OF GISCARD'S LETTER BY SEPTTEL). GISCARD WILL ALSO REPORTEDLY DISCUSS WITH SCHMIDT IN AACHEN TWO PROCEDURAL IDEAS:

A) THAT THE COUNTRIES HOLDING THE PRESIDENCY BE-
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FORE AND AFTER THE ACTUAL INCUMBENT BE ASSOCIATED WITH THE PRESIDENCY AS "VICE PRESIDENTS." THIS IDEA IS EVIDENTLY AIMED AT KEEPING THE MAJOR EC MEMBERS INVOLVED FOR LONGER PERIODS WITH THE PRESIDENCY AND REMOVING LONG GAPS BETWEEN MAJOR COUNTRY INVOLVEMENT;

B) THAT THE RULE OF UNANIMITY FOR DECISION-MAKING BE RESERVED FOR VERY IMPORTANT QUESTIONS, AND THAT THE FORMATION OF "STUDY GROUPS" BE PERMITTED WHICH DO NOT NECESSARILY INCLUDE ALL MEMBER STATES. (COMMENT: WHETHER THIS REALLY REFLECTS INCREASED FRENCH INTEREST

IN MAJORITY VOTING REMAINS TO BE SEEN. END COMMENT.)

6. THE ELYSEE SPOKESMAN HELD A PRESS CONFERENCE SEPT. 12 TO CALL ATTENTION TO THE GISCARD-SCHMIDT SUMMIT IN AACHEN AT THE END OF THIS WEEK -- AN UNUSUAL STEP FOR THE FRENCH WHO IN THE PAST HAVE SOUGHT TO PORTRAY THE REGULAR FRANCO-GERMAN SUMMITS AS SO NORMAL AND ROUTINE AS TO BE HARDLY WORTHY OF SPECIAL ATTENTION. IN FACT, RIGHT UP UNTIL THE BEGINNING OF THIS WEEK, OUR QUAI SOURCES (AND THE FRG EMBASSY HERE) WERE TELLING US THAT THE AACHEN MEETING WOULD BE VERY ROUTINE AND WOULD CONCENTRATE ALMOST EXCLUSIVELY ON MONETARY QUESTIONS. IN CONTRAST, THE ELYSEE SPOKESMAN INDICATED THAT FRANCE ATTACHED "THE GREATEST IMPORTANCE" TO THE SUMMIT. HE SPECIFIED THAT THE GISCARD-SCHMIDT MEETING WOULD MARK A NEW STEP TOWARD CREATION OF A "ZONE OF MONETARY STABILITY" IN EUROPE, SINCE IT WOULD PERMIT FRENCH-GERMAN AGREEMENT ON CONCRETE PROPOSALS TO BE PUT FORWARD AT THE DECEMBER MEETING OF THE EUROPEAN COUNCIL, ALTHOUGH HE WAS VERY PRUDENT IN ANTICIPATING FINAL AGREEMENT AT THAT TIME. THE SPOKESMAN ALSO CITED A NUMBER OF OTHER SUBJECTS WHICH WERE LIKELY TO COME UP -- BOTH ECONOMIC (IMF, INFLATION, AND TRADE NEGOTIATIONS) AND POLITICAL (SECURITY AND ARMS CONTROL) AFRICA, MIDDLE EAST, AND CONFIRMED THAT THE PROBLEM OF BRITISH PARTI-
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CIPATION IN PRODUCTION OF THE AIRBUS WOULD BE A MAJOR SUBJECT OF DISCUSSION. AN AGREEMENT ON EXCHANGES OF SENIOR FRENCH AND FRG OFFICIALS FOR PERIODS OF NINE MONTHS OR LONGER MAY ALSO BE ADOPTED AT AACHEN, AS WELL

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AS THE ESTABLISHMENT AT SARREGUEMINES OF A FRANCO-GERMAN TECHNICAL AND ECONOMIC INSTITUTE. A QUAI SOURCE NOTED ADDITIONALLY THAT SOVIET POLICY, THE NEW SITUATION IN ASIA, AND GRAY AREAS WERE ALMOST CERTAIN TO BE DISCUSSED; HE ALSO EXPRESSED THE BELIEF THAT GISCARD WOULD RAISE THE FRENCH CANCELLATION OF THEIR NUCLEAR DEAL WITH PAKISTAN IN ORDER TO PUSH SCHMIDT A LITTLE ON THE FRG AGREEMENT WITH BRAZIL.

7. BUT THE EMPHASIS OF THE ELYSEE SPOKESMAN'S REMARKS WAS ON THE AACHEN MEETING AS A MAJOR EUROPEAN MILESTONE. CONFIDENTIAL

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HE STRESSED GISCARD'S "PROCEDURAL" PROPOSALS FOR INSTITUTIONAL EFFICIENCY AS THE COMMUNITY GROWS, RECALLING THAT GISCARD HAD MADE KNOWN LAST JULY HIS INTENTION TO SUBMIT PROPOSALS OF THIS KIND. THE SPOKESMAN NOTED THAT GISCARD WOULD DISCUSS HIS IDEAS WITH SCHMIDT IN AACHEN.

8. THE ELYSEE'S ATTEMPT TO FOCUS ATTENTION ON THE AACHEN MEETING CAN ALSO BE SEEN AS PART OF GISCARD'S EFFORT TO DEAL WITH THE TRICKY DOMESTIC POLITICAL PROBLEMS POSED BY DIRECT ELECTIONS FOR THE EUROPEAN PARLIAMENT, WHICH WILL TAKE PLACE NEXT JUNE (WHEN FRANCE IS STILL IN THE EC PRESIDENCY). GISCARD APPEARS TO BE MOUNTING A BROAD PUBLIC CAMPAIGN TO DEVELOP FRENCH ACCEPTANCE AND SUPPORT FOR A LEADING ROLE IN THE EC AS A RESPONSE TO CRITICISM, FROM BOTH THE RIGHT AND

LEFT, OF HIS EFFORTS TOWARD EUROPEAN COOPERATION AND ENLARGEMENT. THROUGH HIS TRIPS TO SPAIN AND PORTUGAL, HIS EUROPEAN INITIATIVES, AND THE ATTENTION WHICH WILL SURROUND THE FRENCH PRESIDENCY, GISCARD CAN DEMONSTRATE THAT CLOSER EC UNITY, AND ENLARGEMENT, WILL PROVIDE FRANCE WITH GREATER POSSIBILITIES FOR EXERCISING INTERNATIONAL LEADERSHIP, THUS RESPONDING TO CHARGES THAT EC UNITY MEANS LESS INDEPENDENCE FOR FRANCE. GISCARD IS ALSO EVIDENTLY COUNTING ON PUBLIC DEBATS DURING A TRANSITION PERIOD TO OVERCOME THE ARGUMENT THAT FRANCE'S SOUTHERN AGRICULTURAL INTERESTS WOULD SUFFER FROM ENLARGEMENT.

9. THESE VARIED ELEMENTS ARE ALL INDICATORS OF GISCARD'S INTENTION TO USE THE FRENCH PRESIDENCY AS A VEHICLE FOR ADVANCING HIS CONCEPT OF A "CONFEDERAL" EUROPE -- MORE UNIFIED POLITICALLY, STRONGER ECONOMICALLY, REACH-
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ING TO THE GEOGRAPHICAL LIMITS OF WESTERN EUROPE, AND WITH FRANCE PLAYING THE FOREMOST LEADERSHIP ROLE. MOST OF GISCARD'S "PROCEDURAL" SUGGESTIONS ALSO GO IN THE DIRECTION OF INCREASING THE INFLUENCE OF THE EC'S "GREAT POWERS" AND ARE THUS LIKELY TO REVIVE THE DEBATE OVER A "TWO-TIER" COMMUNITY. WE EXPECT THE FRENCH TO BE PRESSING FORWARD IN THE MONTHS AHEAD, AND DO NOT EXCLUDE FURTHER POLITICAL INITIATIVES AS THE FRENCH ASSUME THE EC PRESIDENCY AT THE BEGINNING OF NEXT YEAR. EACH OF THE AREAS WHERE SOME PROGRESS MAY BE POSSIBLE -- SUCH AS EMS, ENLARGEMENT, AND INSTITUTIONAL REFORM -- WILL REQUIRE TOUGH NEGOTIATIONS INVOLVING IMPORTANT NATIONAL INTERESTS, AND THE RESULTS OF FRENCH EFFORTS WILL NECESSARILY FALL SHORT OF GISCARD'S HOPES. NEVERTHELESS, HIS INTEREST IN EUROPEAN UNITY IS IMPORTANT AND HIS ACTIVITIES ON THIS FRONT WILL BEAR WATCHING -- ESPECIALLY AS THEY AFFECT US INTERESTS -- IN THE MONTHS AHEAD.

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